

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AGR-20 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

STR-08 CEA-02 TAR-02 JUSE-00 DRC-01 /204 W

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P R 062240Z JUN 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 7211

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMCONSUL GUAYAQUIL

AMEMBASSY PANAMA

AMEMBASSY MANAGUA

AMEMBASSY QUITO

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 2166

E.O. 11652: GDS

TAGS: ETRD, CS, PFOR

SUBJECT: BANANAS ROUND UP

REF: (A) SAN JOSE 2146

(B) PANAMA 3205

1. GOCR VIEWS. MINISTER OF ECONOMY, INDUSTRY AND
INDUSTRY SANCHEZ TENDED TO DISMISS COUP REPORT IN CONVERSATION
WITH EMBOFFS JUNE 5. HE TOLD US HE HAD TALKED TO GOP MINISTER
OF COMMERCE AND INDUSTRY MANFREDO THE MORNING THAT
STORY BROKE AND MANFREDO HAD DENIED KNOWING ANYTHING ABOUT IT.
IN OTHER MATTERS SANCHEZ SEEMED TO FEEL THAT NEGOTIATIONS WERE
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MOVING IN THE RIGHT DIRECTION AND THAT IT MIGHT BE POSSIBLE TO

WORK OUT A COMPROMISE ON THE TAX ISSUE WHICH WOULD SATISFY BOTH UNITED AND STANDARD. HE MENTIONED THAT THE NEGOTIATING PROCESS WAS UNAVOIDABLY CUMBERSOME SINCE THE GOCR WAS OBLIGED BY U.S. ANTI-TRUST CONSIDERATIONS TO NEGOTIATE WITH EACH COMPANY SEPARATELY. HE ADDED THAT THE GOCR PROCESS WAS EVEN MORE COMPLICATED SINCE EX-PRESIDENT FIGUERES, WHO IS PERSONALLY ON EXCELLENT TERMS WITH ELI BLACK OF UNITED IS QUARTERBACKING CONVERSATIONS WITH UNITED WHILE HE, SANCHEZ, TALKS TO STANDARD. SANCHEZ REPORTED THAT BLACK'S INTERVIEW WITH ODUBER THE DAY FOLLOWING HIS CALL ON THE EMBASSY (SEE SAN JOSE 2117) WENT EXTREMELY WELL AND SUGGESTED THAT THE GOCR MIGHT BE WILLING TO CONSIDER SOME ALTERNATE TAX ARRANGEMENTS SUCH AS AN INCOME TAX OR A GRADUALLY APPLIED EXPORT TAX. (EARLIER IN THE DAY STANDARD OFFICIALS HAD COMPLAINED THAT SO FAR SANCHEZ HAD BEEN UNWILLING TO DISCUSS ANYTHING BUT TERMS OF SALE OF STANDARD'S ASSETS AND FEELING BY STANDARD NEGOTIATORS THAT SANCHEZ WAS PURPOSELY DRAGGING THINGS OUT.)

2. ALLEGED BRITISH AMBASSADOR'S INVOLVEMENT (REF. B). WITH REFERENCE TO ALLEGATION REPORTED IN PARAGRAPH 4, REFERENCE B, THAT ORIGINAL SOURCE OF INFORMATION WAS BRITISH AMBASSADOR IN SAN JOSE, IN CONVERSATION WITH CHARGE EVENING OF JUNE 5 BRITISH AMBASSADOR PROFESSED TO HAVE NO REPEAT NO INFORMATION ABOUT AFFAIR OTHER THAN PRESS ALLEGATIONS. CHARGE, OF COURSE, DID NOT PUT TO HIM DIRECTLY THE REPORT THAT HE HAD BEEN ORIGINAL SOURCE. BRITISH AMBASSADOR SAID HE HAD ROUTINELY REPORTED STORY TO LONDON BUT HAD NOT GIVEN IT MUCH IMPORTANCE. (PERE SAID ENGLISH AS WELL AS U.S. MERCENARIES WERE INVOLVED.)

3. PRESS ROUND-UP. PRESS COVERAGE OF ALLEGED STANDARD PLOT MORNING OF JUNE 6 WAS RELATIVELY RESTRAINED. LA NACION CARRIED EDITORIAL ENTITLED " THE GRAVE CHARGE OF THE PANAMANIAN AMBASSADOR" WHICH, REASONABLY, CALLED FOR A FULL AIRING OF PERE'S CHARGES. SAME PAPER CARRIED LONG LETTER FROM CARLOS MANUEL ROJAS, AN INDEPENDENT BANANA GROWER AND PRESIDENT OF AN ASSOCIATION OF INDEPENDENT PRODUCERS WHICH ENUMERATED THE MANY BENEFITS THAT STANDARD HAD BROUGHT TO THE COUNTRY. LA NACION ALSO REPORTED THAT PERE HAD RETURNED TO PANAMA FOR CONSULTATIONS ON MATTER. LA REPUBLICA CARRIED NO EDITORIAL OR NEWS STORY BUT DID RUN AN ANTI-STANDARD CARTOON PORTRAYING STANDARD AS CONFIDENTIAL

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COLONISLIST VILLAIN. SAME PAPER QUOTED EX-PRESIDENT FIGUERES TO EFFECT THAT VENEZUELA WOULD NOT REPEAT NOT PARTICIPATE IN POSSIBLE PURCHASE OF STANDARD AND ANOTHER REPORT THAT THE PACIFIC BANANA WORKERS (UNITED) WILL GO OUT ON STRIKE ON JUNE 10.

4. COMMENT: WE CONTINUE TO BELIEVE FEW PEOPLE ASSIGN MUCH IMPORTANCE TO PERE'S ALLEGATION. IT IS LIKELY, HOWEVER, THAT HE WILL BE PRESSED BY THE MEDIA--IF NOT BY THE GOCR--FOR SOME PUBLIC

COLLABORATION OF HIS CHARGES WHEN HE RETURNS FROM PANAMA. AFTER
THAT, THE STORY MAY FADE--WITH WHATEVER DAMAGE TO THE CREDIBILITY
OF PERE AND THE GOP.
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